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China's Crop Prospects Good

World Mohair Output Rising

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In this issue:

2 PRC Crop Prospects Good—Could Cut Import Needs By Frederick W. Crook
5 Grapefruit Potential Seen Good as German Citrus Imports Climb
6 World Mohair Production Rising After 9-Year Decline By Roger S. Lowen
9 Pork Marketing Systems in Japan and EC Geared To Deter Imports By Q. Martin Morgan
12 Crops and Markets

This week's cover:

Members of the Hungshan commune pick tea in the Chekiang Province, People's Republic of China. Crops such as tea, sugar, and tobacco are estimated to have fared well in 1973. With the return of more favorable weather last year, grain, cotton, and oilseed harvests also improved, compared with the previous year. See article, this page.

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PRC Crop Prospects Good—Could Cut Import Needs

By FREDERICK W. CROOK
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BECAUSE OF bumper 1973 crops and reasonably good 1974 prospects, agricultural imports in 1974-75 by the People's Republic of China (PRC) could decline from the record levels of fiscal 1973 and 1974, and farm imports from the United States could be cut back somewhat.

In the final analysis, the PRC's farm imports in the coming fiscal year will depend largely on three considerations:

- Weather conditions between March and October 1974 will be critical in determining the success of harvests. Weather is relatively stable in south China, but north and central China's winter grain areas are subject to extremes of drought, wind, and heavy rain.
- Chinese leaders could decide either to rebuild or draw down stock levels, and to shorten, maintain, or increase consumer rations. Food and clothing consumption levels are controlled by the Government, which manipulates quantities of goods and cloth alloted to the population through rationing.
- The world's supply and price situation for 1974-75 will influence China's potential purchases of commodities—mainly wheat, corn, soybeans, and cotton.

To date, China's agricultural purchases for delivery during 1974-75 have been cautiously moderate. If weather is good and the domestic political situation remains stable, it is possible that no further purchases will be made. Conversely, if crops are below normal levels, and if the Government then decides against tightening food consumption or drawing down stocks, sizable purchases could be made from the United States.

Since U.S.-Chinese trade resumed in 1971 after a 20-year lapse, the United States has become a major supplier of farm products to the PRC. During the past year, however, China has signed

Grain harvest is threshed and bagged in Honan Province, below. Rice transplanting is discussed, top right. Below right, Chinese peasants loosen the soil around young cotton plants in a field intercropped with cotton and wheat. A Chinese sugarcane plantation, far right.

3-year purchase contracts for grains, primarily wheat, with Canada, Australia, and Argentina—suggesting that China now regards the United States as one of many suppliers in normal times, but an important source of farm imports in difficult years.

China's crop planting plans in 1974-75 will continue the emphasis on grains and cotton that has been evident in the past two seasons. Pressure to increase wheat acreage—first applied in anticipation of the 1972 drought—was maintained last autumn, and a number of Provinces reported that areas sown to wheat had been increased.

Both Provincial daily newspaper editorials and Party directives are stressing the importance of growing wheat and increasing wheat area. National and Provincial conferences have been held, presumably to instruct cadres on the importance of growing wheat, as well as the use of imported production techniques.

Winter crops planted last fall, to be harvested this spring, include winter wheat and barley, peas, beans, broad beans, sweet potatoes, and rapeseed. Thus far, weather in most areas has been normal. Nevertheless, two extremes of weather could affect yields in some Provinces.

In north China, heavy rains in September and October may have disrupted winter wheat sowing and could have reduced stands. At the same time, the rains provided much needed moisture to the drier northern areas of the winter wheat belt.

In November and December, dry weather was reported to be affecting winter crops in Anhwei, Hupeh, Kiangsu, and Shensi. Rains in January and February, however, as well as extensive irrigation of winter crops, improved the outlook in the dry areas.

Even if unfavorable weather occurs between March and October 1974, investments made in the past few years in water conservation, farm construction, and electrification have increased China's ability to cope with adverse weather conditions. The on-going water

conservation program has increased capacity to withstand flood and drought. Programs include both small- and large-scale water conservation projects, afforestation, drilling of hundreds of thousands of new tubewells, and installation of electric pumps.

The chemical fertilizer supply situation is not thought to be critical for 1974. Fertilizers were applied to fall crops in 1973, and sufficient fertilizer for spring planting is thought to have been produced and distributed. China's fertilizer plants do not rely on imported petroleum for manufacturing, but use locally produced coal and domestic petroleum supplies.

IN PAST YEARS, China has imported large quantities of nitrogen fertilizer from Japan, Western Europe, and Mideast oil-producing countries. This year, short supplies and high prices for imports may reduce the availability of fertilizer for summer planted crops—late rice and corn—as well as for winter wheat planting next autumn.

If energy problems continue through 1974, China may experience some fertilizer shortages. The resulting reduction in crop yields could boost food import requirements for 1974-75.

Concomitant with emphasis on grain production is a continuing policy to diversify crop production, first announced in 1971. Crop diversification, it is argued, will provide light industry with raw materials, save foreign exchange by domestically producing imported goods, and earn foreign exchange through farm exports.

News reports last year indicated that cotton held the No. 2 priority spot after grains, with oilseeds in third place. After insuring production of these crops, production units were encouraged to diversify their output according to their local conditions. Press reports in late 1973 and early 1974 strongly suggest the same pattern is being followed this year.

China's agricultural output in 1973 rebounded buoyantly from the previous year's weather-affected level. Year-end reports from the New China News Agency cited "alltime highs for grain, cotton, hemp and jute, sugar-bearing crops, and tobacco."

Contributing to the good harvests were generally favorable weather conditions, use of improved seeds, increased chemical fertilizer use, and expansion of irrigated area. Moreover, special efforts to organize production activities and to mobilize the rural labor force early paid off. Agricultural output growth was complemented by increases in iron and steel, petroleum, chemical fertilizer, farm machinery, and light industries.

Since the PRC ceased publishing economic statistics in 1960, USDA analysts have estimated grain and other crop production figures from press reports and other sources. Consistently, U.S. estimates have been lower than figures published in Chinese sources, when available. Studies are underway to re-evaluate grain production estimates. Until the studies are completed, it is USDA's best estimate that grain production for 1973 was about a record 228 million metric tons.

At yearend 1973, Chinese sources reported that grain production had reached an alltime high. In mid-November, the Deputy Minister of Agriculture announced a "bumper harvest." Moreover, a Ministry of Agriculture spokesman in early October estimated that 1973 grain production would exceed the 1971 record of 250 million tons.

China had a good 1973 cotton harvest, officially claimed to be up 20 percent compared with the poor harvest of 1972. Some press statements said the crop was a record while other statements placed it at a bumper level. At the moment, USDA estimates place it somewhat below the previous 1967 record crop of 1.81 million metric tons.

With the return of more favorable weather in 1973, output of all oilseed crops was higher in 1973 than in 1972. Last year's recovery, however, was uneven, with relatively larger increases for rapeseed and cottonseed.

Output of soybeans and peanuts is

Continued on page 16

PRC: ESTIMATED OILSEED HARVESTS
[In million metric tons]

Year	Soybeans	Peanuts	Rapeseed	Cottonseed
1967	6.95	2.30	0.80	3.62
1968	6.50	2.15	.80	3.36
1969	6.20	2.35	.70	3.21
1970	6.90	2.65	.80	3.40
1971	6.70	2.58	.83	3.40
1972	6.30	2.40	1.00	3.03
1973	6.70	2.60	1.05	3.60

EXPORTS OF SELECTED AGRICULTURAL COMMODITIES TO THE PRC

Commodity	1969-70	1970-71	1971-72	1972-73	1973-74[1]	1974-75[1]
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
Wheat	5,130	3,660	2,970	5,281	6,500	6,500
Argentina	—	—	—	—	—	—
Australia	2,520	1,310	—	320	1,000	—
Canada	1,830	2,350	2,970	4,370	1,500	—
United States	—	—	—	590	4,000	—
Other	780	—	—	—	—	—
Corn	—	—	—	828	2,700	2,500
Argentina	—	—	—	—	200	—
United States	—	—	—	828	2,500	—
Total grain	5,130	3,660	2,970	6,109	9,200	9,000
Soybeans	—	—	—	33	740	160-740
United States	—	—	—	33	740	160-740
	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales	1,000 bales
Cotton[2]	350	450	687	1,920	2,080	1,200-1,500
United States	—	—	—	587	1,050	750-1,000

[1] Preliminary. [2] Year beginning August 1.

PRC: ESTIMATED PRODUCTION OF MAJOR GRAINS
[In 1,000 metric tons]

Grain	1970	1971	1972	1973
Wheat	27,000	26,000	28,000	28,000
Rice	100,000	103,000	98,000	103,000
Tubers[1]	25,000	24,000	24,000	25,000
Miscellaneous[2]	73,000	72,000	65,000	72,000
Total	225,000	225,000	215,000	228,000

[1] Grain equivalent, 4 units of tubers to 1 unit of grain. [2] Miscellaneous grains include barley, beans, buckwheat, corn, fieldpeas, grain sorghum, millet, oats, and other legumes.

Grapefruit Potential Seen Good As German Citrus Imports Climb

WEST GERMANY continues to be the world's largest importer of fresh citrus fruit and juices, but any further substantial gain in imports is likely to come in grapefruit.

Total imports of all types of citrus fruit increased during the 1972-73 season except for lemons, and total imports of citrus juices climbed 20 percent above those for 1971, according to the most recent data available.

Total fresh citrus fruit imports by West Germany in fiscal 1973 reached a record volume of 1.2 million metric tons as a result of the alltime high output of citrus in the Mediterranean area, particularly Spain, the largest producer in the area. During the first half of the season, Spanish orange shipments exceeded those during the comparable period a year earlier by almost 30,000 metric tons. However, shipments from Israel and Morocco were slightly below the previous year's.

The grapefruit market operated smoothly during fiscal 1973. Larger shipments of grapefruit from the major supplier, Israel, were absorbed quite well, keeping prices relatively stable.

Italy was the only major country with a lower citrus crop in fiscal 1973, compared with the previous year. Because Italy is by far the largest lemon producer and exporter in the Mediterranean, total lemon imports by West Germany declined by about 5 percent in quantity but prices were relatively stable, averaging about 4 percent above the previous year's.

The position of U.S. citrus fruit exports to West Germany during fiscal 1973 improved somewhat as a result of the change in the relationship of the U.S. dollar to the Deutsche mark, as well as a temporary reduction in import duties granted to third countries, including the United States.

Despite a substantial increase in the value of U.S. shipments of grapefruit to West Germany during fiscal 1973—up 225 percent—the U.S. competitive position in that market was hampered by Japanese buying competition resulting from that country's liberalization of grapefruit imports.

However, the West German grapefruit market still holds considerable potential for U.S. citrus producers for both quality white grapefruit as well as the Ruby Red variety which was recently introduced to this market. Shipments of U.S. grapefruit during fiscal 1973 increased substantially and reached almost 7,000 metric tons, compared with only about 1,800 metric tons during the previous season. Accounting for the jump were larger imports of Ruby Red grapefruit, which were well received and generally sold at a slight premium over other varieties.

Over the long term, however, only limited growth in West Germany's per capita consumption of all citrus fruit is anticipated and any significant growth is expected to be the result of an additional demand for both varieties of grapefruit.

Total citrus juice imports by West Germany during 1972 went up about 20 percent in value above the previous year, but the U.S. share of this market declined to about 7.6 percent, compared with 8.4 percent the year before. However, value of West German imports of U.S. citrus juices rose by 10 percent during the same period, mainly due to larger shipments of grapefruit juice and orange juice.

The further decline in the U.S. market share for citrus juices is explained partly by its relatively unfavorable competitive price on the German market. The quality of U.S. juices is not yet fully recognized by German consumers. But with a growing mass market for orange juice, consumers are expected to become more quality conscious—a development which may benefit U.S. citrus juice exports to West Germany.

The value of total German imports of citrus juices in 1973 are estimated to have increased once again by approximately 15 percent, but the value of citrus juice imports from the United States is estimated to have declined 15 percent. This drop, however, is mostly a monetary decline due to a decrease in c.i.f. prices, and actual quantities of U.S. citrus juice imported by West Germany probably have varied only slightly from the 1972 level.

—Based on a dispatch by
TURNER L. OYLOE,
U.S. Agricultural Attaché, Bonn

Open-air market in West Germany. Sales of quality white and Ruby Red grapefruit to Germany hold considerable potential for U.S. producers.

World Mohair Production Rising After 9-Year Decline

By ROGER S. LOWEN
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WORLD PRODUCTION of mohair is at last increasing, following a 9-year decline in all major growing areas.

A combination of higher world prices, higher support prices in Turkey, and the prospect of better weather in the growing areas are credited with sparking the long-awaited upturn.

In the Edwards Plateau of Texas—where 95 percent of U.S. mohair is grown—flocks of Angora goats are being expanded on the assumption that world demand and prices will continue on a firm basis.

The United States is normally the world's largest producer of mohair, averaging 29 million pounds annually from 1961 to 1965. But production in Turkey fell less sharply during the period of world decline, and in 1973 Turkish output was an estimated 11 million pounds—1 million pounds higher than in the United States.

In South Africa and in neighboring Lesotho (formerly Basutoland), production is responding to higher world prices, but there are no indications yet whether production this year will return to former levels. Last year's output is estimated at 6.1 million pounds.

A variety of problems beset the world mohair industry in the late 1960's and early 1970's. In the three major producing countries, the combined production fell by over 50 percent from the 1961-65 average of 61.8 million pounds to 33.1 million pounds —grease basis—in 1972. And output dropped even further in 1973—to an estimated 29.1 million pounds.

The one common thread in the worldwide decline in mohair production was the adverse price structure that existed in the 1960's and which finally reversed itself vigorously in 1972.

In the United States, production of grease mohair topped out at 32.4 million pounds in 1965, and has declined each year since. Production in 1972 fell to 10.5 million pounds. It was anticipated that the sharply higher prices of mohair experienced in 1972 and in 1973 would reverse the decline in the numbers of Angora goats. But several unusually severe snowfalls and freezes in Texas caused high death losses in the flocks, and production in 1973 is estimated to have dropped further to about 10 million pounds.

Industry sources indicate that the main cause of the decrease in the size of the U.S. Angora flock was the low price level of mohair during most of the 1960's. Other reasons include the rising cost of labor, a resurgence of the animal predator problem, and alternate uses of land for purposes such as cattle raising and hunting.

With higher revenues to be derived from cattle raising, oil rights, hunting permits, and other activities, many large ranchers chose to stop production of mohair.

However, with the market price of mohair now six to seven times higher than the 30 cents per pound received by producers in 1971, it is expected that flocks will be expanded and production will increase this year. Incentive payments made under the National Wool Act effectively place a floor of 80.2 cents per pound under the producer return for mohair.

In Turkey, production of grease mohair rose to a high point of 22.6 million pounds in 1959, held at 18-21 million pounds during most of the 1960's, and then declined sharply to an estimated 11 million pounds in 1973.

LOW PRICES WERE largely to blame for reduction in the size of flocks and in production. The Government of Turkey is trying to encourage mohair production as a means of increasing foreign-exchange earnings, and support prices for some grades of mohair have been increased 70 percent. This move, together with higher prices received for mohair in the current strong market, should lead to increased production in 1974.

South African production, after reaching a peak of 14 million pounds of grease mohair in 1966, fell to an estimated 6.1 million pounds in 1973. A combination of low prices, labor problems, plus a severe drought in 1972 and in 1973 led to the decline. Although higher prices will act as an incentive to production, it is too early to predict whether South African production will this year return to predrought levels.

Lesotho produces about 2 million pounds of mohair per year. Export data from the Republic of South Africa include the mohair exports of Lesotho.

Most of the world's mohair output is channeled into world trade. Between 1969 and 1972 about 75 percent of total world production entered export markets. On a grease-weight basis, trade would be somewhat higher, since the export figures are partially composed of the lighter scoured mohair.

In 1972, these exports reached 34.6 million pounds, actually exceeding world production of 33.1 million pounds. The high rate of export reflects the export of mohair stocks held from earlier years.

Mohair exports from the United States rose to a new high of 19.3 million pounds in 1972. Of this amount, 15.5 million pounds—80 percent of the total—were exported to the United Kingdom. Italy was the second most

Shearer (left) in Edwards Plateau of Texas removes fleece; Angora goat (center) in shearing pen; part of typical Texas Angora flock (above) of the type being expanded in response to improved world mohair prices.

important purchaser, taking 1.5 million pounds. France and West Germany followed with 600,000 pounds each.

The bulk of Turkey's mohair production continues to be consumed by the domestic industry. In 1972, Turkey exported 5.7 million pounds—46 percent of domestic production. The largest buyer of Turkish mohair has been the Soviet Union, which took 1.9 million pounds in 1972. The other two major customers were the United Kingdom, which bought 1.7 million pounds, and France, which took 1.5 million pounds, largely for its important spinning mills, which produce 100 percent mohair yarn for the European plush industry.

In South Africa and in Lesotho, very little of the mohair produced is consumed domestically. Combined exports of the two countries amounted to 9.6 million pounds in 1972, of which 4.2 million pounds went to the United Kingdom. Italy bought 1.7 million pounds, Japan took 1 million pounds, and France and Spain each bought 900,000 pounds.

The United Kingdom's mohair industry is centered around Bradford. The United Kingdom produces no grease mohair, and is completely dependent upon imports. In 1972, 27.2 million pounds of mohair were imported in response to resurging demand. Although precise import figures are not available, it appears evident that the United States was the major supplier to the British mohair industry, followed by South Africa, with Turkey a distant third.

The Bradford industry is engaged in all facets of mohair commerce. It scours and combs imported grease mohair, spins yarn, and weaves cloth. It also reexports some grease mohair, and sells scoured mohair, mohair top, finished mohair textiles, and clothing in world markets.

JAPAN'S IMPORTS of mohair rose in 1972 to 1.6 million pounds from 1 million pounds in the previous year. The largest supplier was South Africa. Total imports were down substantially from the 1961-65 average of 4.2 million pounds, largely because of phasing out scouring and combing operations. However, the substantial imports of mohair top and mohair fabric, largely from European manufacturers, are not reflected in these data.

A U.S. mohair mission to Europe in late September and early October 1973 —an undertaking of the Mohair Council of America (MCA) and the Foreign Agricultural Service—had as one of its important objectives that of assuring European users of mohair that U.S. supplies would be available and that users could and should safely continue their interest in the fiber.

With 1972 U.S. exports valued at $12.6 million, and 1973 exports at only slightly less, these assurances of continuing availability of supplies are clearly important to the maintenance of this important market.

European users of mohair were, in the fall of 1973, concerned about their ability to pay higher prices, and Texas producers were concerned over the durability of these prices. Having been hurt by price volatility in the past, U.S. producers in 1973 were seeking some indication of what to expect.

World mohair prices soared in 1971 and 1972 by nearly 10 times over the lowest levels reached in 1969, and kid mohair increased in price by only a little less. Part of the upward pressure on prices was caused by the reduced production that followed liquidation of some flocks, both here and abroad. At present, world prices appear to be leveling off in the range of $1.30-$1.60 per pound.

The mohair mission found in its 1973 discussions a high degree of uniformity of views in the various countres. In conversations with English combers, French spinners, or Spanish traders, all declared that price volatility and high

prices were the cause of market nervousness. All were apprehensive that as higher mohair prices were passed on at the retail level, consumer demand would suffer and manufacturers would be left holding a bag of high-priced inventories. For this reason, there was, in late 1973, more than the usual degree of working with minimum inventories.

Mission members also found general agreement in the European mohair trade that prices probably would not return any time soon to the extremely low levels of the late 1960's. One reason for this view is the continuing strong demand at present for natural fibers, particularly in blends, as a backlash to apparent overpromotion of some synthetics in recent years.

Another and possibly even stronger reason is that synthetics have increased sharply in price during the past 2 years because of strong demand and higher petroleum prices. This development, which tends to place a floor under prices of natural fibers, is being viewed by mohair producers with particular interest.

In the absence of a severe economic slowdown in the Western Hemisphere, Europe, and Japan it now appears that mohair probably will retain a strong market position. This projection takes into account the decreased production in the United States, as well as in the other two major producing countries, South Africa-Lesotho and Turkey, whose combined production fell from 32 million pounds in 1965 to 24 million pounds in 1972.

Since its organization in 1966, the MCA has actively promoted the use of mohair fiber in the domestic market. With exports becoming ever more important to domestic mohair growers, cultivation of foreign markets has become essential.

MCA and the Foreign Agricultural Service have since 1970 cooperated in overseas promotional efforts. These have included study missions to Europe and Japan, and exhibits in Biella, Italy; Sabedell, Spain; and Tokyo, Nagoya, and Osaka, Japan.

Increased sales of both grease mohair and mohair tops produced in the United States resulted from the 1973 MCA-FAS trip, as well as from earlier missions having a similar purpose.

Despite various production problems, there is general agreement in the U.S. mohair industry that price has been the major cause of the production decline. A continued favorable price could result in a recovery in U.S. production to the 18-20 million pound range.

The U.S. mohair industry, which must compete with synthetic fibers in the weaving of textiles for better-grade apparel and upholstery, is keeping a sharp watch on prices of manmade fibers and fabrics.

Prices of synthetics are rising. But so are mohair prices. And textiles manufacturers are seeking assurances of ample supplies as well as a reasonable degree of price stability before committing themselves to any long-term purchases of mohair.

Although fashion changes have led to boom and bust conditions in the past, the extra quality that mohair brings to apparel and upholstery fabrics has provided a steady demand from consumers seeking the best quality in suits, sweaters, and plush upholstery. The industry is hopeful that this demand and the eclectic fashions of the past several years will ensure a healthy mohair industry.

MOHAIR: PRODUCTION IN SPECIFIED COUNTRIES, GREASE BASIS, 1961-65 AVERAGE, ANNUAL 1969-72
[In million pounds]

Year	United States [1]	Turkey	Republic of South Africa [2]	Lesotho	Total
Average:					
1961-65	29.0	19.4	11.4	2.0	61.8
Annual:					
1969	20.8	16.6	11.3	2.2	50.9
1970	18.7	15.0	9.2	2.2	45.1
1971	15.0	13.8	9.4	1.8	40.0
1972	10.5	12.5	8.1	—	33.1
1973 [3]	10.0	11.0	6.1	—	29.1

[1] Year beginning April 1. [2] Year beginning July 1. [3] Estimated.

MOHAIR:[1] U.S. EXPORTS BY COUNTRY OF DESTINATION, CLEAN BASIS, 1961-65 AVERAGE, ANNUAL 1969-72
[In thousand pounds]

Destination	Average 1961-65	1969	1970	1971	1972
United Kingdom	5,064	8,366	7,517	9,205	15,548
Italy	572	1,902	766	422	1,480
Japan	1,362	438	615	239	337
Belgium	1,174	511	282	299	45
Germany, West	187	169	178	385	632
Switzerland	263	489	487	771	194
Netherlands	1,154	201	141	28	61
Spain	45	149	126	194	105
France	42	313	341	561	639
Mexico	218	152	178	129	119
Canada	156	120	146	84	141
Other	49	70	117	108	17
Total	10,286	12,880	10,894	12,425	19,318
Percent of production	44	61	61	83	(2)

[1] Includes other woollike specialty hair. [2] U.S. exports exceeded production in 1972 because of heavy withdrawal from U.S. warehouses.

MOHAIR: EXPORTS FROM SPECIFIED COUNTRIES, ACTUAL WEIGHT, 1961-65 AVERAGE, ANNUAL 1969-72
[In million pounds]

Year	United States [1]	Turkey	Republic of South Africa [2]	Total
Average:				
1961-65	10.3	10.9	12.3	33.5
Annual:				
1969	12.9	6.7	12.6	32.2
1970	10.9	4.5	10.0	25.4
1971	12.4	5.5	10.7	28.6
1972	19.3	5.7	9.6	34.6

[1] Clean content. [2] Includes Lesotho.

Pork Marketing Systems in Japan And EC Geared To Deter Imports

By Q. MARTIN MORGAN
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MARKETING SYSTEMS for hogs and pork, especially those regulated by governments, have a major impact on international trade in pork and pork products.

Numerous factors impede foreign trade in pork: Religious taboos (most of which were originally based on logical hygienic grounds); animal and human health regulations (often valid, but barriers to trade), and artificial barriers imposed by governments to protect domestic producers. These can limit or even totally block foreign trade in pork.

There are three geographic areas outside North America that are of interest to North American exporters of pork—the European Community (EC), Japan, and the Caribbean.

The European Community and Japan are of interest because of their marketing systems. Both Japan and the Caribbean are export markets for pork.

The EC Common Agricultural Policy (CAP) for Pigmeat is designed to work to the advantage of hog producers in EC countries, and to the disadvantage of producers located outside the Community.

Pigmeat grown in EC countries is protected from lower-priced imports. Also, its price is supported indirectly through CAP purchases. And any surplus meat is removed from the EC market through export payments.

There are four component parts to the EC protection system for pigmeat: Minimum import, or sluicegate, prices; import levies; government intervention in the market when prices fall below prescribed levels, and export payments.

The minimum import price for carcass pork is fixed at a hypothetical level which reflects the cost of pork production in third countries, taking into account the cost on world markets of cereals and other feedstuffs as well as other production and marketing costs.

The minimum import prices for pork products are derived from product price coefficients related to the price of the carcass.

The levies are constructed from four elements, but the actual levies for carcass pork and some pork products consist of only three elements:

- A protective amount, which is equal to 7 percent of the minimum import price of pork and pork products.
- An amount equal to the difference in costs within the EC and on world markets (c.i.f., EC border) of the quantity of feedgrains required to produce a unit of carcass pork.
- A supplementary levy, added when imports are priced below the minimum import price.

The first two elements—7 percent of the minimum import price, and the difference between EC feed costs and those in world markets—make up the variable levy.

The variable levies for cuts and pork products are derived from product price coefficients. The same is true for the supplementary levies.

In addition, a fourth levy element is involved for some products. Additional protective amounts are added for certain processed products—7 percent of the c.i.f. prices of items under tariff heading 16.01, and 10 percent for those under tariff heading 16.02.

Government intervention can occur in individual member countries when internal prices are at or below 103 percent of the basic price—the target, or desired, price. Formerly, intervention could occur at 98 percent.

Canadian pork grader (left) takes backfat measurement to determine index grade. Canada exported an estimated 55 million pounds of pork to Japan in 1973. Japanese finished hogs (below) ready for slaughter.

Mandatory intervention occurs in individual Member Countries when the internal price falls to 85 percent of the basic price. Member Countries then either purchase or finance the sale of pork offered for sale at the intervention level.

Pork purchased at intervention prices can be sold on the EC domestic market when prices rise. Or, after a prescribed period of time has elapsed, it can be exported.

What effect does the CAP for Pigmeat have on trade with third countries? A protective wall is set up around the EC hog industry, for one thing. In addition, EC exports—especially surplus production—can be priced competitively on world markets.

Minimum import prices, plus the variable levies, thus make it impossible for third countries to compete freely and directly in the Community with EC producers of pigmeat.

There are only two circumstances under which imported pork can be priced competitively in the European Community.

First, imports can be priced competitively during a period of short supplies.

Second, certain products—such as fresh, chilled, and frozen offal and industrial fats for which duties are bound at relatively low levels under the General Agreement on Tariffs and Trade (GATT)—can be priced competitively because the levies cannot exceed the bound rates.

Since the inception of the CAP, the only significant pork "shortages" in the Community have been in pork for processing—primarily pork from sow carcasses imported from Denmark. But Denmark is now a member of the European Community.

AND THERE WAS a brief period when the Netherlands, encountering a shortage of ham to can and export to the United States, imported green U.S. hams, canned them, and exported them to the United States.

In Japan, the Government has for many years administered a system of import quotas on pork and pork products, and has encouraged imports of pork only when shortages of supply occurred.

When prices were high, imports were permitted under a quota and discretionary licensing system. Low prices resulted in the curtailment of imports, in increased Government purchases of pork, and in other measures designed to support prices.

Japan's new import policy on pork and pork products is more flexible than was the previous policy. The new policy was put into effect in October 1971. It is known as the Japanese Variable Tariff system because it encompasses a variable tariff feature.

Four elements are important in the calculation of import duties under the Japanese Variable Tariff system: The floor price or minimum wholesale price of pork, the ceiling price or maximum wholesale price of pork, the midpoint price (midpoint between the floor and ceiling prices), and the c.i.f. (cost, insurance, freight) import price. Floor and ceiling prices are reset annually.

The duty charged on imported slaughter hogs is the higher of 10 percent ad valorem or a factor of 54 times the midpoint price minus the c.i.f. price per head.

Slaughter hogs are defined as animals other than those certified for breeding and weighing more than 50 kilograms (110 pounds).

The factor 54 is the pork yield per head derived from estimates of 90 kg. average slaughter weight, multiplied by a 60 percent yield. Thus the duty is on a per pound basis.

The duty on feeder pigs weighing less than 50 kg. is 10 percent ad valorem.

ON CARCASS PORK, the duty is the higher of 10 percent ad valorem or the midpoint price minus the c.i.f. price. The midpoint price is the minimum duty-paid cost of imported pork.

On primal cuts, the duty is the higher of 10 percent ad valorem or the midpoint price divided by 0.75 minus the c.i.f. price. Dividing the midpoint price by 0.75 is the same as increasing the midpoint price by one-third.

These simple formulas, however, are only a small part of the Japanese variable tariff system. The additional factors can be explained in simple terms, but they have far-reaching implications.

For example: Imports are not permitted when the internal wholesale price of pork is below the floor price. Since the midpoint price is the minimum duty-paid price, imports are not priced competitively until the internal price rises to the midpoint price.

PORK: PRODUCTION, CONSUMPTION, AND TRADE,[1] UNITED STATES, CANADA, AND JAPAN, 1968-73 [2]

[In million pounds]

Countries	1968	1969	1970	1971	1972	1972 [3]
United States:						
Production	13,064	12,955	13,438	14,792	13,626	12,700
Consumption	13,510	13,409	13,762	15,256	14,251	12,860
Exports:						
Canada	38	66	24	14	32	45
Japan	25	58	16	26	47	100
Total	93	154	68	72	106	166
Canada:						
Production	1,181	1,134	1,328	1,511	1,393	1,330
Consumption	1,177	1,159	1,289	1,438	1,333	1,205
Exports:						
United States	56	50	61	68	62	65
Japan	1	4	6	20	45	55
Total	63	58	73	99	116	125
Japan:						
Production	1,147	1,121	1,429	1,653	1,695	1,810
Consumption	1,172	1,225	1,471	1,719	1,863	2,100
Imports:						
United States	22	70	18	35	53	109
Canada	1	5	7	23	46	55
Total	26	104	42	66	168	290

[1] United States and Canadian exports; Japanese imports. [2] Carcass weight equivalent. [3] Estimates based on incomplete data. Sources: U.S. Department of Agriculture, U.S. Bureau of the Census, Statistics Canada, Japan Ministry of Agriculture, Japan Tariff Association.

The variable tariff generally is less than the 10-percent ad valorem rate when the c.i.f. price exceeds 90.9 percent of the midpoint price. Thus the 10 percent rate would apply when the c.i.f. price exceeds 90.9 percent of the midpoint price.

The variable tariff is not applicable when the internal price of pork is above the ceiling price. The 10-percent ad valorem rate continues to be applicable unless suspended by the Government. This duty was suspended in October 1971, and import licenses were issued for deliveries through October 31, 1973.

FOR SOME MONTHS following the inception of the tariff system, Japanese pork prices remained relatively high. As a result, both the variable tariff and the 10-percent ad valorem tax were inoperative. There was a certain degree of confusion in world trade over this situation, in which tariffs were formally in effect, and yet neither duties nor taxes were actually collected.

The picture changed in November 1973. The Japanese domestic pork market received a setback. The wholesale price of pork declined to about 70 cents per pound. Imports thereupon declined sharply.

While there has been no announcement by the Japanese Government regarding the licensing of pork imports, it is observed in trade circles that imports by Japan during first quarter 1974 totaled only about 2,000 metric tons, chiefly from Taiwan. Earlier projections were for a total of about 110,000 tons to be imported in calendar 1974. However, imports during the first quarter are expected to include only pork raised and processed under contract.

Japanese production of pork has risen markedly in recent years—from 1.1 billion pounds in 1968 to an estimated 1.8 billion pounds in 1973. And consumption has increased even more—from 1.1 billion pounds in 1968 to an estimated 2.1 billion pounds in 1973.

The gap between domestic production and consumption was closed by imported quantities of pork from the United States, Canada, and Taiwan.

The softer domestic prices of pork prevailing in Japan during the closing months of 1973 and early in 1974 suggest that the supply-demand gap is now much smaller, and that the Government may now be increasingly reluctant to allocate foreign exchange for imported items that can be omitted without disruption to the economy.

Japanese farmers early this year asked the Government for higher pork prices, and the Government responded by increasing, effective with the fiscal year beginning April 1, the floor price to 507 yen per kg., the ceiling price to 620 yen, and the midpoint price to 563.5 yen.

The Caribbean area is primarily a limited market for low-priced specialty pork products from the United States and Canada. North American exporters who wish to compete for the high-priced canned ham market in the Caribbean —which also is a limited market—must compete with Denmark and the Netherlands. In addition to the advantage of offering high-quality products, the CAP for Pigmeat gives the Danes and the Dutch an advantage in exporting processed pork to any market.

Generally, surplus slaughter hogs have moved from Canada to the United States, while specialty products have moved both ways. Carcass pork or unusual quantities of primal cuts of pork move in either direction in response to price differences. Price spreads have to approach or exceed the equivalent of the low tariff and the cost of transportation before pork—other than the normal trade in specialty products—will move in either direction. As long as pork can be traded in this fashion across the border, livestock producers in both countries will benefit from having access to the North American market. And there is reason to believe that livestock producers in both the United States and Canada could benefit from completely free trade across the border in livestock and meat products. Any development that would move the two countries away from free access would in the long run be detrimental to producers in both countries.

ASIAN LEADERS SEE NEED TO STORE OWN FOOD

Secretary of Agriculture Earl L. Butz has received a warm and attentive reception from the agricultural and political leaders with whom he has been conferring on his current trip to Asia.

Asian leaders meeting in Manila with the Secretary agreed to the necessity of making two responses to the new world food supply and demand situation:

- They are accepting responsibility for giving the U.S. Government, and thus American farmers, more information on how much agricultural production they will need from year to year. The Secretary points out that this is necessary to give U.S. farmers a chance to plan ahead and meet that demand.

- The Asian leaders are agreeing that they must stockpile agricultural products they need—or to do some advance buying in the United States and other food exporting countries.

The Secretary's trip took him to Thailand, Hong Kong, the Philippines, Taiwan, Japan, and Korea. His return to the United States is scheduled for April 24.

Secretary Butz made the point that Asia is now our No. 1 agricultural export market. This means the United States must accept the responsibility for having adequate supplies to meet the demands of people there who depend on us. In order to do this, the United States must have a farm program and farm policy direction which will make it possible for U.S. farmers to produce the supplies of crops needed for growing export markets and for growing markets at home, he pointed out.

Aides traveling with the Secretary reported that Asian audiences and government officials understand and are sympathetic to the view that the U.S. Government no longer intends to carry excessive supplies of agricultural commodities; and they agree that they have responsibilities in doing a better job of planning ahead for their needs, in letting the United States know of these needs, and attaining these supplies for themselves.

CROPS AND MARKETS

TOBACCO

Celanese Corporation To Make Tobacco Substitute in United States

Celanese Corporation has announced expansion plans which will locate a plant in the United States to commercially produce "Cytrel," a new tobacco substitute, with an initial capacity of 9 million pounds annually. The plant is expected to be completed and in operation by 1975. It will initially supply a tobacco substitute for further development by two U.K. cigarette companies. These companies have been involved with Celanese over the past 6 years in efforts to develop blended cigarettes of Cytrel and tobacco. Production will be stepped up, as required, to accommodate market demand.

A main objective of this effort is to obtain additional scientific data on the products to satisfy guidelines of the British Government's Hunter Commttee, set up to advise on scientific aspects relating to smoking and health.

Commercial production of cigarettes with the tobacco substitute is not seen prior to 1976. Meantime, the product development program is expected to continue at a high level.

Japan Seeks New Leaf Sources

Japan has a growing tobacco industry and is the third largest U.S. export market for unmanufactured tobacco. In 1973, U.S. tobacco exports to Japan were $101 milion in unmanufactured leaf and over $13 million in manufactured products (mostly cigarettes). Although Japan produces about 80 percent of its own raw leaf requirements, imports have been increasing rapidly.

The Japan Tobacco Corporation (JTC) is reportedly proceeding with plans to develop more overseas sources of leaf tobacco to cope with increasing domestic consumption, declining domestic production, and rising world leaf tobacco prices.

Said still to be in the "feasibility study" stage, JTC's attention at present is focused on four potential suppliers: Brazil, Indonesia, South Korea, and India. Study teams consisting of both technical experts and economic planners have reportedly been sent to these countries and JTC liaison offices have apparently been opened.

These overseas projects are reportedly aimed at eventually providing both technical and financial assistance to these countries in order to help them get established as reliable suppliers of leaf tobacco.

Canada's Large Tobacco Crop Brings Stable Auction Prices

Canada's flue-cured tobacco farmers are receiving prices for their large 1973 flue-cured crop about 1 cent above those received for the 1972 crop. (But about 3 cents higher in terms of the U.S. dollar.) The average price of the 201 million pounds sold through March 18, 1974, was 78.7 Canadian cents per pound. The average for the 167 million pounds sold through March 16, 1973, was 77.9 Canadian cents.

The 1973 flue-cured crop, at 265 million pounds, is 40 percent larger than the 1972 crop and 40 percent above the 1960-64 average.

About one-fourth of Canada's tobacco crop is exported, with the United Kingdom being the major purchaser. Exports are expected to increase as the large 1973 crop is processed and shipped. However, the U.K. Tobacco Advisory Council has indicated it will buy only 63.5 million pounds from the 1974 crop, compared with 71.5 million from the 1973 crop.

Ontario growers, who produce most of the flue-cured crop, do not feel that current prices adequately cover increased production costs. Growers had asked for higher prices for part of the current crop and have been negotiating for a price of about 87 cents for the 1974 crop. This dissatisfaction with prices and prospects for exports from the 1974 crop will effect plantings for the 1974 crop.

Australia Boosts Minimum Leaf Prices

The Australian Minister for Primary Industry recently announced that the average minimum auction price for Australian leaf tobacco during the 1974 season would be equivalent to US$1.95 per pound. The increase was determined by the Australian Agricultural Council, based primarily on movements of the Bureau of Agricultural Economics index of tobacco production costs.

The 1974 crop will be the first sold under the current 5-year Tobacco Stabilization Plan. The first stabilization plan and minimum price schedule were introduced in 1965, mainly because of inability of growers and manufacturers to agree on a mutually acceptable grade and price schedule. The 1965 schedule was based on an average crop "grade fallout" for the preceding 3 years and the average minimum price was US$1.22 per pound. The price was increased to US$1.36 for the 1971 crop. The introduction of loose leaf selling and plant-position sorting in 1972 caused review of the price schedule to be delayed until the current crop.

The Australian minimum price of US$1.95 per pound compares with the U.S. suport price of 83 U.S. cents per pound for the 1974 flue-cured crop. The 1973 U.S. crop sold for an average of 88 U.S. cents.

U.K. Tobacco Tax Increased

The new U.K. Labor Government's fiscal budget raised the revenue duty on all unmanufactured tobacco by 33 percent, or US$3.36 per pound. From March 27, the full rate for the major category of raw tobacco is $13.61 per pound. Import duties were not affected.

The sharp increase in tax will be reflected in retail prices for cigarettes. The price of a package of 20 standard-size cigarettes could rise by 12 cents; king-size may go up by as much as 17 cents; while smaller-than-average-size cigarettes may increase by 7-10 cents per pack of 20.

The higher tax could affect British cigarette consumption (which in 1973 rose by 5.5 percent in number and by 6 per-

cent in weight over comparable 1972 figures) and hence demand for imported tobacco in terms of quantity and origin. Smokers may smoke fewer and/or smaller cigarettes and manufacturers may shift their usage toward lower cost tobaccos.

Turkish Leaf Prices Up Significantly in 1973

Turkish tobacco producers recently sold their 1973 crop at prices 50-60 percent above those of the 1972 crop. The market was described as strong and brisk as the Turkish Monopoly purchased approximately 60 percent of the crop in an effort to end what the new Turkish Minister of Monopoly called "buyer imposed prices." Reliable sources estimate the average price to be 70 U.S. cents per pound. This compares with 43 U.S. cents in 1972.

A few days prior to the opening of the Aegean market, foreign buyers began purchasing 1972 manipulated tobacco. These purchases normally take place in September but were delayed because foreign buyers objected to the minimum export prices established by the Turkish Government. The deadlock was broken when one buyer offered 92 U.S. cents per pound for A-grade tobacco.

The high growers' price for the 1973 crop points to an export price of at least $1.14 for manipulated leaf when the market opens in September. The United States imported 111 million pounds of oriental-type leaf tobacco from Turkey in 1973. The average value was 53 U.S. cents. U.S. cigarettes now contain about 15 percent oriental tobacco, twice the amount used in the early 1950's.

LIVESTOCK AND MEAT PRODUCTS

West Germany To Test All Beef Imports for Residues

The West German Under Secretary of Health has announced the Government intends to check all imported meats, effective April 1, 1974, for residues, especially antibiotics, estrogens, thyrostatic substances, including DES.

West Germany currently bans all meat imports from the United States because of problems concerning meat inspection.

Breeding Cattle Sales To Hungary Up in 1973

U.S. cattle exporters report a substantial rise in sales of both Holstein and Hereford breeding stock to Hungary during the past year.

During calendar 1973, exports to Hungary totaled 2,000 Holsteins and 800 Herefords. In the previous year, Holsteins exported to Hungary totaled 350 head, while Herefords were just 95 head.

Contracts have been confirmed for exportation of 4,400 Holsteins and 2,000 Herefords from the United States during 1974. Breeding cattle sales are also anticipated to other East European countries.

Hog Cholera Outbreak Reported in Netherlands

An outbreak of hog cholera was recently discovered on one of the largest hog breeding farms in the Netherlands. By April 5 some 14,500 young animals had been destroyed.

The Dutch veterinary service has checked 45 farms which receive feeder pigs from the contaminated breeding farm and hog cholera was found on four of them. In all cases the infected animals were destroyed, and a vaccination and quarantine program was initiated.

The Dutch veterinary service indicated it would not know until about April 15 if the outbreak was under control.

FATS, OILS, AND OILSEEDS

U.S. Hexane Supply May Increase Shortly

The Netherlands and Italy may have potential hexane supplies of 500,000-1 million gallons monthly which could be made available to U.S. users, according to reports by U.S. Agricultural Attachés.

Brazil and England have adequate supplies for their own use but have no exportable surplus.

Proposed U.S. Energy Office regulations—if approved—will allocate to agricultural production 100 percent of current hexane requirements. This priority could help alleviate production problems by allowing U.S. oil mills to operate at 100 percent of capacity.

Philippine Coconut Product Exports Lag in 1973-74

During the October 1973-February 1974 period, Philippine exports of copra and coconut oil dropped to 347,400 metric tons (oil basis)—118,100 tons below exports for the same 5 months in 1972-73. The decline is equivalent to the oil fraction of about 25 million bushels of soybeans and reflects reduced rainfall throughout major producing areas.

Monthly exports of Philippine coconut products have fluctuated widely between 90,900 tons (oil basis) in October 1973 and 49,900 tons in December. Although February 1974 exports at 74,800 tons (oil basis) were larger than anticipated, substantial further gains in monthly exports are not expected until about July. Improved rainfall of recent months is expected to reverse the long-term weather cycle. If correct, a sizable gain in exports will occur in 1974-75.

Argentina's 1974 Oilseed, Meal Estimates Reduced

A recent report from Buenos Aires says 1974 production forecasts for Argentine sunflowerseed, peanuts, and soybeans have been revised upward. Argentina's 1974 sunflowerseed harvest has been raised to 1,020,000 metric tons, compared with 1 million tons in 1973. The 1973 crop had been previously estimated at 880,000 tons.

This year's expected peanut outturn was increased to 500,000 tons (unshelled basis), compared with 440,000 tons last year. In addition, the second official estimate of soybean plantings for 1974 placed acreage at 865,000 acres—125,000 above the first estimate and more than double the 1973 acreage.

Soybean production in 1974 is now forecast at 625,000 tons against 272,000 tons in 1973 and 78,000 tons in 1972. This year, Argentina's combined oil production from these three crops is estimated at 540,000 tons—10 percent or 50,000 tons above the 1973 volume.

Argentine exports of oilseed cakes and meals during the October-December 1973 period dipped to 67,000 tons (soy-

bean-meal equivalent), 18 percent below the 81,400 tons exported in the same 3 months a year earlier. The decline reflected reduced movements of sunflower, peanut, linseed, and cottonseed meals.

The Argentine Government recently removed the 20 percent export tax on sunflowerseed meal. However, oilseed crushers are now required to retain 25 percent of 1974 sunflowerseed meal and 33 percent of peanut meal production for domestic use. The Ministry of Economy currently authorized the export of 48,092 metric tons of sunflowerseed meal, 10,662 tons of peanut meal, and 4,396 tons of cottonseed meal. Additional export authorizations are anticipated.

Brazilian Soybeans Suffer Minor Flood Damage

Floods reportedly have not significantly damaged the 1974 Brazilian soybean crop.

Despite localized and minor damage to the soybean crop in the small producing States of Minas Gerais, Goias, and São Paulo, total Brazilian soybean production in 1974 is still expected to reach 6.5-7 million metric tons. The 1974 Brazilian peanut-crop estimate was reduced by 50,000 tons to 600,000 metric tons (unshelled basis), compared with 650,000 tons in 1973 and 893,000 tons in 1972.

The National Monetary Council announced on March 29 that controls on soybean and soybean meal exports have been eliminated, although soybean oil exports are still prohibited. The Government will continue to monitor export movements and export licenses will be held up if domestic requirements for soybeans and meal are not being adequately supplied.

Malaysia and Iraq Sign Palm Oil Contract

Malaysian-Iraqi palm oil trade is likely to be higher in the next 2 years.

Malaysian palm oil producers have signed a 2-year contract to supply Iraq with 200,000 tons of crude palm oil, according to market sources. This is a continuing update of a contract first signed 6 or 7 years ago. The contract for the previous 2 years provided for the sale of 160,000 tons of palm oil.

Malaysia actually exported 70,961 metric tons to Iraq in 1973 and 69,875 tons in 1972.

DAIRY AND POULTRY

Low European Broiler Prices Vex EC Producers; Stocks Mount

Viewed against the background of European broiler prices of the recent past, March prices in important Continental markets were in a depressed state. Stocks are now high. Efforts are being made by surplus-producing countries to arrange cutrate exports, and it is likely that production will be cut back from earlier planned levels.

The decline in European broiler prices is illustrated by price trends in Hamburg. In late March, ready-to-cook broilers were offered to importers at less than DM3 per kilogram (53 cents per pound), whereas a year earlier they had been DM4.6—about 73 cents per pound at then-current rates.

Trade sources claim that broiler storage stocks in the Netherlands in March were 10,000 tons above normal. Comparable stocks in Denmark are 5,000-7,000 tons above normal.

Export at cutrate prices seems the most likely way these excess stocks will be disposed of, since internal demand for poultry in the surplus-producing countries of Northern Europe, as well as in West Germany, seems weak at present.

Internal price cutting is not favored by the trade because recent prices have already been below high European production costs. Dutch costs have recently been estimated at 3.20 guilders per kilogram for ready-to-cook broilers (48 cents per pound), in contrast with recent prices as low as 2.70 guilders —about 40 cents.

Some production cutbacks have occurred in response to low prices and heavy stocks—particularly in Germany—and some other EC countries that normally export to Germany are reportedly holding back some of their shipments. European industry groups are reportedly interested in exporting at least part of the EC surplus storage stock to distant, one-shot markets, and then to restore production to an equilibrium with normal sales.

If these efforts are successful, Swiss sources expect net prices for broilers at the Swiss frontier to return to the 45-cent-per-pound level (U.S. equivalent) about the level that prevailed for subsidized poultry before the stock buildup began. This would be about 6 cents above some March offerings.

FRUIT, NUTS, AND VEGETABLES

EC Hop Subsidy Set For 1972 Crop

The European Community CAP for hops, adopted July 26, 1971, provides for a subsidy per hectare of hops, differentiated by variety. The first of these subsidies was established for the 1971 harvest. On March 7, 1974, the EC Commission proposed that the Council establish the following 1972 subsidies in units of account per hectare:

Brewers Gold	150
Hersbrucker Spat	150
Hallertauer	250
Huller Brewer	150
Northern Brewer	150
Record	300
Saaz	400
Spalter	300
Strisselspalt	750
Tardif de Bourgogne	300
Tettnanger	150

The unit of account is currently equivalent to $1.21 and a hectare equals 2.471 acres.

EC Raises Orange Export Subsidies

Effective March 27, 1974, the European Community (EC) export subsidy for Ovale Calabrese and Valencia Late oranges was increased from 4 units of account per 100 kg. to 6 units of account per 100 kg. for quality classes extra, I, and II.

GRAINS, FEEDS, PULSES, AND SEEDS

Drought in Eastern Europe Threatens Winter Grain Crop

Grain crops in the southern countries of Eastern Europe reportedly are being endangered by drought conditions. In the principal grain growing area of Yugoslavia, the unusually dry

winter and spring pose a threat to the grain harvest. Soil moisture in Romania is very limited because of unusually light precipitation over the last 7 months, and winter grains reportedly are beginning to show signs of drought damage. Parts of Hungary also are reportedly in need of rain.

While winter grains apparently need precipitation within the next couple of weeks, adequate late spring or early summer rains would help spring-sown grains. This is particularly true of the corn crop which is the primary spring-planted grain in the southern part of Eastern Europe.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	April 16	Change from previous week	A year ago
Wheat:	*Dol. per bu.*	*Cents per bu.*	*Dol. per bu.*
Canadian No. 1 CWRS-13.5	5.37	− 5	3.18
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.17	− 3	2.83
15 percent	5.22	− 2	2.88
U.S. No. 2 Hard Winter:			
12 percent	4.97	− 1	2.80
No. 3 Hard Amber Durum	6.53	+ 8	3.01
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.30	− 1	2.07
Argentine Plate corn	3.63	−32	2.20
U.S. No. 2 sorghum	3.18	− 7	2.09
Argentine-Granifero sorghum	3.15	− 5	2.08
U.S. No. 3 Feed barley	2.83	− 2	1.78
Soybeans:			
U.S. No. 2 Yellow	6.57	+35	6.57
EC import levies:			
Wheat[3]	[4] 0	0	1.55
Corn[5]	[4] .17	+ 2	1.19
Sorghum[5]	[4] .20	0	1.18

[1] Not quoted. [2] Basis c.i.f. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in U.K., Denmark, and Ireland are adjusted according to transitional arrangements. [5] Italian levies are 19 cents a bu. lower than those of other EC countries.

NOTE: Price basis 30 to 60-day delivery.

SUGAR AND TROPICAL PRODUCTS

Ecuador's Pyrethrum Crop Shows Moderate Increase

Ecuador's 1973 pyrethrum crop totaled 680 metric tons (dry-flower basis), up slightly from the 1972 harvest of 640 tons, but well below the record 1965 outturn of 2,400 tons. The harvested area remained at about the 1972 level of 7,400 acres. The 1965 area under pyrethrum was 16,000 acres.

Exports of pyrethrum extract in 1973 totaled 55,100 pounds valued at US$647,000, compared with 1972 shipments of 57,100 pounds valued at $600,700. Extract exports in 1971 were 73,850 pounds valued at $790,700 and dried flower shipments were 308,600 pounds valued at $152,500. There were no flower exports in either 1972 or 1973.

Distribution of 1973 pyrethrum extract exports to major recipients (in 1,000 lb.) were Argentina (19.6), Brazil (12.8), Mexico (7.3), Colombia (7.0), and Chile (5.0).

The United States is the world's largest importer and consumer of pyrethrum. Most U.S. pyrethrum imports now come from Kenya and Tanzania; supplies from Ecuador have been limited by declining production.

Ecuador's 1974 pyrethrum crop is forecast at between 500 and 600 tons. Frost damage towards the end of 1973 severely damaged the crop on about 20 percent of the pyrethrum acreage. In addition, rainfall during early 1974 has been below normal, further hurting production prospects.

Kenya Produces Record Tea Crop

Kenya's 1973 tea crop amounted to a record 56,578 metric tons, up 6 percent over the 1972 harvest of 53,322 tons. Production would have been even higher, but rainfall during the last quarter of the year was below normal. Weather conditions during January 1974 were also unfavorable and production totaled only 4,583 tons, off 29 percent from the January 1973 level of 6,465 tons.

Kenya has now become the third largest supplier of tea to the United States. Tea imports from Kenya in 1973 totaled 8,447 metric tons valued at $7.9 million, up from 1972 imports of 6,628 tons valued at $6.5 million. Total U.S. tea imports in 1973 were 78,615 tons with a value of $69.2 million. This was 14 percent higher than 1972 imports of 68,718 tons valued at $62.8 million.

South Africa To Expand Sugar Production Slightly

The sugar industry of the Republic of South Africa is trying to expand annual sugar production by 1980 to 2 million metric tons. This would be an increase of 100,000-150,000 tons. Because of a surging local demand, the export market would suffer unless there were an expansion in outturn.

Domestic sales amounted to 910,000 tons last year and are expected to total 1.18 million by 1980. Additional land is to be planted to cane before the end of the 1975-76 season, in order to meet export and domestic needs.

Other Foreign Agriculture Publications

- U.S. Imports of Vegetable Fibers (Other Than Cotton) in 1973 (FVF-1-74)
- Value of U.S. Spice Imports At Alltime High in 1973 (FTEA-1-74)
- Canned Fruit Situation in the Netherlands, West Germany, and the United Kingdom (FCAN 2-74)
- January U.S. Trade in Livestock, Meat, and Meat Products (FLM-MT3-74)
- World Cattle Hide, Calf, and Kip Skin Production and Trade, 1972 (FLM-3-74)
- Argentina Harvesting Bumper Corn and Sorghum Crops (FG-5-74)
- Middle East Grain Imports Likely Lower in 1974-75 (FG-7-74)
- Indian Wheat Crop Prospects (FG-8-74)

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PRC Crop Prospects Good, Import Needs May Drop

Continued from page 4

estimated to be below 1970 levels because of the assumed decline in the area sown to these two crops. Provincial reports suggest that area sown to rapeseed for harvest in 1973 increased over that sown in previous years. Chinese press releases indicate 1973 production probably was slightly more than 1972's estimated 1 million tons.

Other crops also fared well in 1973. A good tea crop was picked, and sugar and tobacco production were reported at an alltime high. Little information was received on fruits and vegetables, but with the return of good weather conditions, more normal production levels can be assumed.

Recent reports from Peking indicate livestock numbers have increased greatly since 1949. In 1972, the reported number of draft animals was 59 percent more than in 1949; the number of sheep and goats tripled, while hog numbers quadrupled. Livestock numbers in 1972-73 (July 1, 1972-June 30, 1973), however, are estimated to have increased little if any over 1971-72 numbers. Unfavorable weather conditions in the last half of 1972 and the early part of 1973 reduced fodder and pasture production, lowering the carrying capacity of rangelands.

Cultural and ideological changes—reflected in the current administrative campaigns to discredit Lin Piao and Confucius—may have far-reaching effects, extending even to agriculture.

In contrast to last year, when the considerable energy of the Chinese administrative apparatus was focused on agriculture, concern this year is with the mass movement to criticize Lin and Confucius. Provincial conferences that last year were held to insure maximum effort in farm production are now aimed at disseminating the new ideology.

Following the poor 1972 harvests and near-drought in large areas of China early in 1973, the press last year was filled with reports of Provincial conferences on spring farming. Newspaper editorials and instructions to farmers from Chinese Communist Party Committees strongly emphasized the importance of good harvests. Chinese leaders worked to insure that farmers were well organized and that necessary agricultural inputs were produced and delivered to communes at the proper time.

The effect of the current mass movement to discredit Lin and Confucius on the agricultural sector is unclear. Since 1962, Chinese leaders have been reluctant to disturb rural institutions. The 1964-65 socialist education movement and the more recent cultural revolution were largely urban phenomena and did not greatly affect agricultural production.

China's leaders have been concerned for many years about the remnants of capitalism that still exist in rural China—the private holdings, black markets, and peasant profit-seeking tendencies. Although these capitalist deviations have been tolerated for a decade, Maoist doctrine calls for their ultimate removal and the creation of a new peasant workforce, motivated by nonmaterial incentives.

To date, the mass movement does not appear to be designed either to overhaul rural institutions or to purge China's peasants of capitalist tendencies. But the existence of the new movement adds another element of uncertainty to the China scene, making it more difficult than ever to grasp the current situation and to foresee trends in trade and production.

Additional details will be published in "The Agricultural Situation in the People's Republic of China and Other Asian Communist Countries, Review of 1973 and Outlook for 1974," ERS, May 1974.

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